Marketing II Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Economics Unit Test Hr \_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**True/False**

*Indicate whether the sentence or statement is true or false. Mark* ***T*** *for True****, F*** *for False*

\_\_\_\_ 1. Resource scarcity forces nations to make economic choices.

\_\_\_\_ 2. Germany has a socialist economy; therefore the German people pay much less in taxes than Americans pay.

\_\_\_\_ 3. As a factor of production, the term labor refers to both skilled and unskilled workers.

\_\_\_\_ 4. In a command economy, it is individual consumers who decide what items will best satisfy their wants and needs.

\_\_\_\_ 5. A country's infrastructure includes its sewers, highways, and phone lines.

\_\_\_\_ 6. Almost two thirds of the profits of US businesses come from international trade and foreign investments.

\_\_\_\_ 7. The difference in value between exports and imports of a nation is called its balance of trade.

\_\_\_\_ 8. In international trade, a quota is a limit on the number or monetary value of a product that can be imported.

\_\_\_\_ 9. GATT is a trade agreement among these nations: the U.S., Japan, Korea, and China.

\_\_\_\_ 10. A nation experiences a trade surplus when it exports more than it imports.

\_\_\_\_ 11. According to the laws of supply and demand, businesses lower a product’s price when the supply of the product exceeds the demand for it.

\_\_\_\_ 12. Without competition nothing can stop a company from acting without regard for the customer.

\_\_\_\_ 13. Providing information utility for their products would be important for businesses engaging in nonprice competition.

\_\_\_\_ 14. Because of deregulation of the utility companies, the United States government no longer restricts the prices that gas and electric companies charge.

\_\_\_\_ 15. According to the U.S. Department of Labor, the private sector is primarily engaged in producing the same product or group of products.

\_\_\_\_ 16. In its role as regulator, the U.S. government makes laws that protect consumers, workers, and businesses.

\_\_\_\_ 17. The Federal Trade Commission assists businesses in establishing trade relations with other countries.

\_\_\_\_ 18. Charitable organizations and other non-profit businesses do not earn income.

\_\_\_\_ 19. Although Ben and Jerry's Homemade Inc. contributes part of its pre-tax income to charitable and environmental causes, the company is a for-profit business.

\_\_\_\_ 20. In business, ethics are guidelines for good behavior.

**Multiple Choice**

*Identify the letter of the choice that best completes the statement or answers the question.*

\_\_\_\_ 21. In a market economy, who decides how products are produced?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | businesses | c. | government |
| b. | consumers | d. | labor |

\_\_\_\_ 22. In a market economy, who decides whether a business will survive or fail?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | the government | c. | the consumers |
| b. | the business itself | d. | the competitors |

\_\_\_\_ 23. In economic terms, land, labor, and capital refers to

|  |  |  |  |
| --- | --- | --- | --- |
| a. | infrastructure | c. | factors of production |
| b. | scarcity | d. | free enterprise system |

\_\_\_\_ 24. Which economy would best describe that of the U.S.?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | mixed economy | c. | market economy |
| b. | traditional economy | d. | command economy |

\_\_\_\_ 25. What is the organized way a nation provides for the needs and wants of its people?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | capital | c. | purely command |
| b. | resources | d. | economy |

\_\_\_\_ 26. Select the trade alliance that establishes guidelines for international trade.

|  |  |  |  |
| --- | --- | --- | --- |
| a. | WTO | c. | EU |
| b. | NAFTA | d. | all the above |

\_\_\_\_ 27. During the Persian Gulf War, the U.S. placed a ban on all exports to Iran. What is another term for this ban?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | protective tariff | c. | embargo |
| b. | quota | d. | time draft |

\_\_\_\_ 28. The major trade benefit of contract manufacturing is called

|  |  |  |  |
| --- | --- | --- | --- |
| a. | inexpensive labor | c. | use of overseas facilities |
| b. | less expensive merchandise | d. | all the above |

\_\_\_\_ 29. Key economic factors relevant to doing business in another country include

|  |  |
| --- | --- |
| a. | technology |
| b. | language and symbols |
| c. | foreign exchange rate |
| d. | all the above |

\_\_\_\_ 30. Global Marketing strategies include which of the following?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | language and symbols | c. | customization |
| b. | multinationals | d. | quota |

\_\_\_\_ 31. What is the term for the struggle between companies for customers?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | profit | c. | surplus |
| b. | promotion | d. | competition |

\_\_\_\_ 32. Sales and rebates are examples of what market strategy?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | price competition | c. | competitive edge |
| b. | low fares | d. | roll backs |

\_\_\_\_ 33. What is the function of a licensing agreement?

|  |  |
| --- | --- |
| a. | allows hairdressers and barbers to perform their services |
| b. | protects corporations from deceptive investors |
| c. | protects businesses and individuals from unauthorized copying |
| d. | allows businesses to operate in areas previously zoned as residential |

\_\_\_\_ 34. In business, when does the potential for profit increase?

|  |  |
| --- | --- |
| a. | as the competition increases |
| b. | as the risk increases |
| c. | as taxes decrease |
| d. | as the marketing expenditure decreases |

\_\_\_\_ 35. What is the group that decides whether or not a business will survive?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | the consumers | c. | the government |
| b. | the owners or board of directors | d. | the competing businesses |

\_\_\_\_ 36. What is the purpose of the Federal Reserve Board?

|  |  |
| --- | --- |
| a. | provide loans to prevent businesses from failing |
| b. | control the monetary supply |
| c. | regulate trade with other countries |
| d. | monitor business practices |

\_\_\_\_ 37. Chemicals at a certain manufacturing plant were improperly stored and caused employees to become ill. To what federal regulatory agency should the employees go to for help with this problem?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Environmental Protection Agency | c. | Federal Trade Commission |
| b. | Security Exchange Commission | d. | Occupational Safety and Health Admin. |

\_\_\_\_ 38. In 1970, which agency was established to protect human health and monitor air and water pollution?

|  |  |
| --- | --- |
| a. | Environmental Protection Agency |
| b. | Occupational Safety and Health Admin. |
| c. | Food and Drug Agency |
| d. | Equal Employment Opportunity Comm. |

\_\_\_\_ 39. How would you describe a company that voluntarily commits some of its income to helping the community?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | nonprofit organizations | c. | ethical |
| b. | socially responsible | d. | consumer-oriented |

\_\_\_\_ 40. Which government agency limited the use of chlorine as a pesticide to trained professionals?

|  |  |
| --- | --- |
| a. | Federal Trade Commission |
| b. | Consumer Product Safety Commission |
| c. | Occupational Safety and Health Admin. |
| d. | Environmental Protection Agency |

**Completion**

*Complete each sentence or statement.*

41. In order to raise money for its own operation, a government can sell state-owned assets to private individuals in a process called\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

42. The condition of a country’s roads, its sewage system, and its telephone service are all part of its **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**.

43. Jack LaMesa, owner of Tables R Us, would like to establish a foreign office and manufacturing plant in the country of Mongolia. The government of Mongolia does not allow foreign businesses to have full ownership of a business in its country. Currently, Jack is looking for a Mongolian businessperson with whom to set up a joint **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**.

44. The three main types of trade barriers are tariffs, quotas and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

45. The price of one country's currency if you were to buy it with another country's currency is known as the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

46. Because they prevent competition, **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** are prohibited in a free enterprise system.

47. The function of business that involves money management is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

48. Statements that reflect income from sales revenue and investments as well as cost and expenses of doing business are known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ statements.

49. The Occupational Safety and Health Administration is a governmental regulatory agency created to protect \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

50. Federal and state governments set a minimum wage that businesses must pay their employees. The wage-setting is an example of government's role as a(n) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**ch 3-6**

**Answer Section**

**TRUE/FALSE**

1. ANS: T

2. ANS: F

3. ANS: T

4. ANS: F

5. ANS: T

6. ANS: F

7. ANS: T

8. ANS: T

9. ANS: F

10. ANS: T

11. ANS: T

12. ANS: T

13. ANS: T

14. ANS: F

15. ANS: F

16. ANS: T

17. ANS: F

18. ANS: F

19. ANS: T

20. ANS: T

**MULTIPLE CHOICE**

21. ANS: A

22. ANS: C

23. ANS: C

24. ANS: A

25. ANS: D

26. ANS: D

27. ANS: C

28. ANS: D

29. ANS: C

30. ANS: C

31. ANS: D

32. ANS: A

33. ANS: C

34. ANS: B

35. ANS: A

36. ANS: B

37. ANS: D

38. ANS: A

39. ANS: B

40. ANS: D

**COMPLETION**

41. ANS: privatization

42. ANS: infrastructure

43. ANS: venture

44. ANS: embargo

45. ANS: foreign exchange rate

46. ANS: monopolies

47. ANS: finance

48. ANS: profit, loss

49. ANS: workers

50. ANS: regulator